UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/707,491	12/17/2003	Emerson P. Jones	G08.069	1490

28062 7590 07/14/2006

BUCKLEY, MASCHOFF, TALWALKAR LLC
5 ELM STREET
NEW CANAAN, CT 06840

EXAMINER
CHENCINSKI, SIEGFRIED E

ART UNIT	PAPER NUMBER
3628	

DATE MAILED: 07/14/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	10/707,491	JONES ET AL.	
	Examiner	Art Unit	
	Siegfried E. Chencinski	3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE *3* MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *23 January 2006*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-33* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-33* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date _____.
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .
5) ☐ Notice of Informal Patent Application (PTO-152)
6) ☐ Other: _____.

DETAILED ACTION

Claim Objections

1. **Re. claims 24, 26-29 and 31** are method claims dependent on a system claim. Reading of these claims suggests that these dependencies are the result of a typographical error, as their antecedent basis resides in independent claim 25. Accordingly, for the purposes of examination, the examiner is examining claim 24 as a systems claim on the assumption that the word "method" was intended to be the word "system", and the examiner is renumbering the dependency of claims 26-29 from claim 24 to claim 25. Claim 31 appears to properly depend on claim 29.

Correction of the dependent relationships of claims 24, 26-29 is required.

Specification

2. Abstract.

Applicant is reminded of the proper language and format for an abstract of the disclosure.

The abstract should be in narrative form and generally limited to a single paragraph on a separate sheet within the range of 50 to 150 words. It is important that the abstract not exceed 150 words in length since the space provided for the abstract on the computer tape used by the printer is limited. The form and legal phraseology often used in patent claims, such as "means" and "said," should be avoided. The abstract should describe the disclosure sufficiently to assist readers in deciding whether there is a need for consulting the full patent text for details.

The language should be clear and concise and should not repeat information given in the title. It should avoid using phrases which can be implied, such as, "The disclosure concerns," "The disclosure defined by this invention," "The disclosure describes," etc.

Applicant's abstract contains the legal word "means" in line 1 ("program code and means").

Correction is required.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

3. Claims 1-12, 14, 20 and 21-24 are rejected under 35 U.S.C. 103(a) as being disclosed by Birle Jr. et al. (US PreGrant Publication 2003/0130941 A1, hereafter Birle) in view of Barron's Dictionary of Finance (hereafter Barron's).

Re. Claims 1, Birle discloses a method for issuing a unit to a holder, comprising:

- creating a forward contract with said holder, having a contract term extending from an issue date of said unit to a settlement date and specifying a settlement rate for calculating a share delivery of issuer stock to said holder at said settlement date in exchange for a settlement amount (Financial bonds and convertible bonds are such forward contracts, p. 1, [0003], [0005]-ll.1-4; [0009]-ll.1-6. Share delivery is inherent.);
- creating a note securing obligations of said holder under said forward contract, said note permitting said holder to convert said note into an amount of shares of issuer stock pursuant to a specified conversion formula (p. 1, [0005]).
- using a processor ([0065]-l. 5).

Birle does not explicitly disclose issuing a forward contract and a note as a unit. However, Barron's Financial Dictionary discloses that convertible bonds are issued as a unit (p. 677, UNIT, Securities items 3 & 4). Accordingly, an ordinary practitioner of the art at the time of Applicant's invention would have found it obvious to have known that a convertible bond is issued as a unit made up of a forward contract with a note known as a bond. As such it would have been obvious for such practitioner to have combined the art of Birle with the art found in Barron's Financial Dictionary in order to issue units to holders which contain a forward contract with a securing note and a conversion privilege

for such note to be converted by holder to issuer's stock under certain conditions at holder's option, motivated by an opportunity to benefit issuers, holders, capital markets and the general public (Birle, [0020]).

Re. Claim 2, Birle discloses a method wherein said note is at least one of: a convertible debt instrument, a contingent convertible debt instrument, a convertible preferred instrument, a preferred stock instrument, and a fixed income instrument (p. 1, [0003], [0005]-ll.1-4).

Re. Claim 3, Birle discloses a method wherein said forward contract obligates said issuer to pay a contract fee to said holder during said contract term ([0003]-l. 7).

Re. Claim 4, Birle does not explicitly disclose a method wherein said contract fee is specified as an annual contract payment rate paid quarterly during said term. However, since many bonds have annual contract payment rates paid quarterly during the term of the bonds, an annual contract payment rate paid quarterly during said term is an inherent possibility in Birle's teaching.

Re. Claim 5, Birle does not explicitly disclose a method wherein said note has a maturity date, said maturity date occurring after said settlement date. However, a maturity date after a settlement date is an inherent possibility in a convertible bond because settlement can occur most of the time between the issue date and the maturity date based on the rights accruing to the issuer to recall a bond and the holder to convert a bond.

Re. Claim 6, Birle does not explicitly disclose a method wherein said settlement date is less than or equal to about four years after said issue date. However, a large percentage of convertible bonds mature in five to thirty years. Conversion periods tend to extend over much of the life of bonds. Therefore a settlement date of about four years is an inherent possibility in Birle's disclosure.

Re. Claim 7, Birle discloses a method wherein said conversion formula specifies an initial share price, an initial share conversion price, an initial share conversion premium, and a share conversion ratio ([0005]-ll. 7-8(conv. ratio), 14(conv. price); [0006]-ll. 3-6(initial stock price), 9-16(conv. premium)).

Re. Claim 8, Birle discloses a method wherein said note is a contingent payment debt

instrument for tax purposes (Abstract-ll. 4-12).

Re. Claim 9, Birle discloses a method wherein said contingent note includes a contingency event occurring after said settlement date, said contingency event causing said holder to receive an amount of contingent interest if the trading price of the note is greater than a specified percentage of the accreted principal amount of said note (Abstract-ll. 7-20).

Re. Claim 10, Birle discloses a method wherein said contingency event causes a distribution of a number of warrants (Abstract-ll. 7-12; [0002]-l. 3; [0076]-ll. 10-13).

Re. Claim 11, Birle discloses a method wherein said contingent note includes the distribution of additional warrants at a first call date associated with said note (Abstract-ll. 7-12; [0002]-l. 3; [0076]-ll. 10-13.).

Re. Claim 12, Birle discloses the use of warrants in relation to financings ([0002]-l. 3). Birle also discloses or suggests that the issuer of bonds and convertible bonds has wide latitude in the establishment of terms and conditions, with the underlying understanding that such terms and conditions must be able to be sold to prospective holders, i.e. that the total package must be sufficiently attractive to prospective buyer-holders under the market conditions extant at the time of issuance of a financial instrument such as a convertible note/bond. Birle further discloses or suggests that the marketing of such instruments must be flexible to the variations of market conditions (Abstract-ll. 1-4; [0003]; [0007]-ll. 1-4; [0012]; [0014]; [0018]-ll. 1-6). Birle does not explicitly disclose the details of how warrants are used, such as warrants distributed if a share price of said issuer stock has increased above a predetermined amount since an issue date. said issuer stock has increased above a predetermined amount since said issue date. However, Barron's discloses that the role of warrants are to serve as sweeteners with a bond or preferred stock, that entitles the holder to buy a proportionate amount of common stock at a specified price, usually higher than the market price at the time of issuance, for a period of years or to perpetuity (p. 607, Subscription Warrants). It would have been obvious to combine the teaching of Birle with the teaching of Barron's in order to make use of warrants for the possibility that issuer stock has increased above a

predetermined amount since the issue date, motivated by motivated by an opportunity to benefit issuers, holders capital markets and the general public (Birle, [0020]).

Re. Claim 14, Birle discloses a method wherein said note further includes an issuer call option arising on a specified date prior to a maturity of said note ([0007]-ll. 1-3).

Re. Claim 20, Birle discloses a method wherein said note is at least one of a zero coupon note and a note having a low initial interest accretion rate ([0008]).

Re. Claim 21, Birle discloses a method wherein said forward contract specifying that said holder never receives an amount of issuer stock worth more than said settlement Amount ([0006]-ll. 1-3).

Re. Claims 22, Birle discloses a unit administration system, comprising:

- a processor; and a storage device in communication with said processor and storing instructions adapted to be executed by said processor to (Fig's 4&5; Storage instructions are inherent):
- identify terms of a forward contract involving an issuer, a holder and an equity security (p. 1, [0003], [0005]-ll.1-4; [0009]-ll.1-6);
- identify terms of a contingent convertible debt instrument involving said issuer, said holder and said equity security ([0003], [0005]-ll.1-4; [0009]-ll.1-6); and
- cause the issuance of a unit to said holder, said unit including said forward contract and said contingent convertible debt instrument .
- creating a note securing obligations of said holder under said forward contract, said note permitting said holder to convert said note into an amount of shares of issuer stock pursuant to a specified conversion formula (p. 1, [0005]-[0007]).

Birle does not explicitly disclose issuing a forward contract and a note as a unit. However, Barron's Financial Dictionary discloses that bonds are issued as a unit (p. 677, UNIT, Finance, 4.). Accordingly, an ordinary practitioner of the art at the time of Applicant's invention would have found it obvious that a convertible bond is issued as a unit made up of a forward contract with a note known as a bond. As such it would have been obvious for such practitioner to have combined the art of Birle with the art found in Barron's Financial Dictionary in order to issue units to holders which contain a forward

contract with a securing note and a conversion privilege for such note to be converted by holder to issuer's stock under certain conditions at holder's option, motivated by an opportunity to benefit issuers, holders capital markets and the general public (Birle, [0020]).

Re. Claim 23, Birle discloses a unit administration system comprising a communication device coupled to receive information from at least one of said issuer, said holder, and a market data source (Modems in Fig's 4&5).

Re. Claim 24, Birle discloses a unit administration system wherein said terms of said contingent convertible debt instrument include conversion terms requiring said issuer to deliver to said holder value equal to an accreted principal amount of said contingent convertible debt instrument and an amount of shares having a value equal to a remaining conversion value of said contingent convertible debt instrument ([0003], [0005] through [0009]).

Re. Claim 30, Birle discloses a method for issuing a unit to a holder, comprising: creating a forward contract obligating an issuer to pay a contract fee to the holder, said forward contract having a contract term and specifying a share delivery ratio for calculating a share delivery of issuer stock to said holder at an end of said contract term; creating a convertible debt instrument securing obligations of said holder under said forward contract, said convertible debt instrument permitting said holder to convert said note into an amount of shares of issuer stock pursuant to a conversion formula, and specifying a contingent distribution of additional warrants at a first call date if a share price of said issuer stock is above a predetermined amount on said first call date; in exchange for a price (Financial bonds and convertible bonds are such forward contracts, p. 1, [0003], [0005]-ll.1-4; [0009]-ll.1-6. Share delivery is inherent), and using a processor ([0065]-l. 5).

Birle does not explicitly disclose issuing a forward contract and a convertible debt instrument as a unit. However, Barron's Financial Dictionary discloses that bonds, including convertible bonds, are issued as a unit (p. 677, UNIT, Finance, 4.). Accordingly, an ordinary practitioner of the art at the time of Applicant's invention would have found it obvious to have known that a convertible bond is issued as a unit made up

of a forward contract with a note known as a bond. As such it would have been obvious for such practitioner to have combined the art of Birle with the art found in Barron's Financial Dictionary in order to issue units to holders which contain a forward contract with a convertible debt instrument, motivated by an opportunity to benefit issuers, holders capital markets and the general public (Birle, [0020]).

4. **Claim 13 is rejected** under 35 U.S.C. 103(a) as being disclosed by Birle in view of Barron's in regard to the rejection of claim 1 above, and further in view King et al. (US Patent 5,704,045, hereafter King).

Re. Claim 13, neither Birle nor Barron's explicitly disclose a method wherein said contingent note includes at least one of an interest adjustment mechanism and a contingent cash interest mechanism. However, King discloses a method wherein said contingent note includes at least one of an interest adjustment mechanism and a contingent cash interest mechanism. It would have been obvious to an ordinary practitioner of the art at the time of applicant's invention to have combined the disclosures of Birl and Barron's with the disclosure of King in order to provide contingent note with an interest adjustment mechanism motivated by the desire to providing a method of transferring risk, for providing investors a method for accepting risk or a diversification of risk (King, col. 3, ll. 12-17).

5. **Claim 15-19 are rejected** under 35 U.S.C. 103(a) as being disclosed by Birle in view of Barron's in regard to the rejection claims 1 above, and further in view Daughtery (US Patent 6,263,321) and Marlowe-Noren (US PreGrant Publication 2004/0193536 A1).

Re. Claim 15, Birle discloses or suggests that the issuer of bonds and convertible bonds has wide latitude in the establishment of terms and conditions, with the underlying understanding that such terms and conditions must be able to be sold to prospective holders. Birle further discloses or suggests that the marketing of such instruments must be flexible to the variations of market conditions (Abstract-ll. 1-4; [0003]; [0007]-ll. 1-4; [0012]; [0014]; [0018]-ll. 1-6). Neither Birle nor Barron's explicitly

disclose a method wherein said note further includes a first remarketing scheduled on a first remarketing date occurring prior to said settlement date. However, Daughtery discloses the practice of remarketing of notes (Notes include bonds and convertible bonds in the art by definition) (Col. 22, ll. 60-62; Col. 23, ll. 26-29). Marlowe-Noren discloses a set of logic, process and some of the alternatives used in remarketing various kinds of notes, bonds and convertible bonds/notes ([0004]-l. 17; [0007]-ll.9-15; [0018]; [0024]-ll.1-14; [0032]; [0049]; [0051-0052]; 0055]-9-21). Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it obvious to combine the disclosures of Birle, Barron's, Daughtery and Marlowe-Noren in order to establish the opportunity for remarketing within the terms and conditions of issuance of a convertible note instrument, including the provisions for one or more remarketing dates at the outset or after issuance, such that a first remarketing date occurs prior to the settlement date, motivated by the desire to maintain the long term integrity of the financing/proceeds made available to the issuer upon the initial placement of the notes (Marlowe-Noren, [0032]-ll. 13-16).

Re. Claims 17 & 18, Birle discloses the latitude which issuers have to maintain the integrity of the proceeds of their financings.

- **Re. Claim 17,** neither Birle nor Barron's explicitly disclose a method wherein said note further includes at least a second capped remarketing scheduled after said first remarketing date.
- **Re. Claim 18,** neither Birle nor Barron's explicitly disclose a method wherein said note further includes an opportunistic remarketing period after said settlement date and during which said issuer can elect to cap a remarketing or not.
- **Re. Claim 19,** neither Birle nor Barron's explicitly disclose a method wherein said note further includes an uncapped remarketing scheduled after said opportunistic remarketing period.

However, Daughtery discloses the practice of securities offerings being capped, and the use if this expression in the financial securities trading art (Col. 3, l. 4). Marlowe-Noren discloses the practice of remarketing used to protect the proceeds obtained in an initial

financing. It would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to combine the teachings of Birle, Barron's, Daughtery and Marlowe-Noren to make use of multiple remarketing efforts, including opportunistic remarketing after a settlement date, and the practice of capping remarketing offers, motivated by the desire to maintain the long term integrity of the financing/proceeds made available to the issuer upon the initial placement of the notes (Marlowe-Noren, [0032]-ll. 13-16).

6. **Claim 25-29 and 31 are rejected** under 35 U.S.C. 103(a) as being disclosed by Birle in view of Barron's, and further in view Daughtery and Marlowe-Noren.

Re. Claim 25, Birle discloses a method for issuing a unit to a holder, comprising:

- establishing a purchase contract portion of said unit with said holder, said purchase contract portion identifying a settlement price to be paid on a settlement date by said holder in exchange for a number of shares having a predetermined value;
- establishing a note portion, said note portion including terms identifying a maturity date, an initial principal amount, and at least one contingent feature;
- issuing said convertible financial instrument to said holder; and
- using a processor ([0065]-l. 5).

Birle does not explicitly disclose issuing a forward contract and a note as a unit; and However, Barron's Financial Dictionary discloses that bonds are issued as a unit (p. 677, UNIT, Finance, 4.).

Further, Birle discloses or suggests that the issuer of bonds and convertible bonds has wide latitude in the establishment of terms and conditions, with the underlying understanding that such terms and conditions must be able to be sold to prospective holders. Birle further discloses or suggests that the marketing of such instruments must be flexible to the variations of market conditions (Abstract-ll. 1-4; [0003]; [0007]-ll. 1-4; [0012]; [0014]; [0018]-ll. 1-6). Neither Birle nor Barron's explicitly disclose a method wherein said note further includes a first remarketing date. However, Daughtery

discloses the practice of remarketing of notes (Notes include bonds and convertible bonds in the art by definition) (Col. 22, ll. 60-62; Col. 23, ll. 26-29). Marlowe-Noren discloses a set of logic, process and some of the alternatives used in remarketing various kinds of notes, bonds and convertible bonds/notes ([0004]-l. 17; [0007]-ll.9-15; [0018]; [0024]-ll.1-14; [0032]; [0049]; [0051-0052]; 0055]-9-21). Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it obvious to combine the disclosures of Birle, Barron's, Daughtery and Marlowe-Noren in order to issue a unit to a holder including a remarketing date, motivated by the desire to maintain the long term integrity of the financing/proceeds made available to the issuer upon the initial placement of the notes (Marlowe-Noren, [0032]-ll. 13-16).

Re. Claim 26, Birle discloses a method with a purchase contract portion further identifying a contract payment amount to be paid to said holder ([0003]-ll. 5-7).

Re. Claim 27, Birle discloses a method wherein at least one of said establishing a purchase contract portion, establishing said note portion and issuing said unit is performed using a computing device (Fig's 4&5).

Re. Claim 28, Birle discloses a method said note portion further comprising: terms permitting said holder to convert said note portion into an amount of shares of issuer stock pursuant to a conversion formula ([0005]-[0009]).

Re. Claim 29, Birle discloses a method wherein said at least one contingent feature is an additional distribution of warrants at a first call date if a share price is greater than a threshold amount (Abstract-ll. 7-12; [0002]-l. 3; [0076]-ll. 10-13.).

Birle discloses the use of warrants in relation to financings ([0002]-l. 3). Birle also discloses or suggest that the issuer of bonds and convertible bonds has wide latitude in the establishment of terms and conditions, with the underlying understanding that such terms and conditions must be able to be sold to prospective holders, i.e. that the total package must be sufficiently attractive to prospective buyer-holders under the market conditions extant at the time of issuance of a financial instrument such as a convertible note/bond. Birle further discloses or suggests that the marketing of such instruments must be flexible to the variations of market conditions (Abstract-ll. 1-4; [0003]; [0007]-ll. 1-4; [0012]; [0014]; [0018]-ll. 1-6). Birle does not explicitly disclose the details of how

warrants are used, such as a contingent feature of an additional distribution of warrants at a first call date if a share price is greater than a threshold amount. However, Barron's discloses that the role of warrants are to serve as sweeteners with a bond or preferred stock which entitles the holder to buy a proportionate amount of common stock at a specified price, usually higher than the market price at the time of issuance, for a period of years or to perpetuity (p. 607, Subscription Warrants). It would have been obvious to combine the teaching of Birle with the teaching of Barron's, Daughtery and Marlowe-Noren in order to make use of warrants at a first call date for the possibility that issuer stock has increased above a threshold amount, motivated by an opportunity to benefit issuers, holders capital markets and the general public (Birle, [0020]).

Re. Claim 31, Birle discloses a method wherein at least one of said creating a forward contract, creating a convertible debt instrument, and issuing said forward contract is performed using a computer (Fig's 4&5).

7. **Claims 32 and 33 are rejected** under 35 U.S.C. 103(a) as being disclosed by Birle in view of Green et al. (US PreGrant Publication 2003/0093375 A1, hereafter Greene), and further in view of Barron's.

Re. Claims 32 & 33, Birle discloses a method and computing device comprising

- a processor and a storage device in communication with said processor and storing instructions adapted to be executed by said processor (Fig's 4&5; Storage instructions are inherent):
- the identifying of terms of a forward contract involving an issuer, a holder and an equity security (p. 1, [0003], [0005]-ll.1-4; [0009]-ll.1-6);
- identifying the terms of a contingent convertible debt instrument involving said issuer, said holder and said equity security ([0003], [0005]-ll.1-4; [0009]-ll.1-6); and
- causing the issuance of a unit to said holder, said unit including said forward contract and said contingent convertible debt instrument .

- creating a note securing obligations of said holder under said forward contract, said note permitting said holder to convert said note into an amount of shares of issuer stock pursuant to a specified conversion formula (p. 1, [0005]-[0007]).

Birle does not explicitly disclose:

- issuing a forward contract and a note as a unit.
- A unit pricing device, comprising: a processor;
- the explicit computing steps of
    - a communication device coupled to receive market information from at least a first market data source; and
    - a storage device in communication with said processor and storing instructions adapted to be executed by said processor to:
        * receive data identifying terms of a proposed unit including data identifying terms of a forward contract involving an issuer and an equity security, and data identifying terms of a contingent convertible debt instrument involving said issuer and said equity security;
        * receive said market information from said market data source; and generate, based on said market information and said terms of said proposed unit, pricing data associated with said proposed unit.

However, Barron's Financial Dictionary discloses that bonds are issued as a unit (p. 677, UNIT, Finance, 4.).

Also, Green discloses a pricing device and a method for creating or developing, issuing, and servicing or maintaining convertible or exchangeable financial instruments (Abstract).

Green discloses the explicit computing steps of

- a communication device coupled to receive market information from at least a first market data source (Fig. 1); and
- a storage device in communication with said processor (Fig. 1) and storing instructions (inherent) adapted to be executed by said processor to:

- receive data identifying terms of a proposed unit including data identifying terms of a forward contract involving an issuer and an equity security, and data identifying terms of a contingent convertible debt instrument involving said issuer and said equity security (Fig's 1-15);
  - receive said market information from said market data source (Fig's 1-15); and
  - generate, based on said market information and said terms of said proposed unit, pricing data associated with said proposed unit (Fig. 2-4).

It would have been obvious to an ordinary practitioner of the art at the time of the invention to have combined the teachings of Birle, Barron's and Green for the purpose of establishing a pricing device for a unit comprised of a forward contract involving an issuer, an equity security, and a contingent convertible debt instrument motivated by the desire for an efficient, flexible and timely way to construct, test, evaluate and issue such financial instruments in rapidly changing market conditions (Green, [0008]-ll. 15-19).

Response to Arguments

8. Applicant's arguments filed January 23, 2006 have been fully considered but they are not persuasive.

ARGUMENTS: (p. 9, l. 17 – p. 13, l. 7).

A. "Birle does not disclose or suggest a bond or convertible bond is a forward contract". (p. 10, ll. 24-25); and, .."... The disclosed bond is not a contract, including terms and provisions, to trade in the future"(p. 11, ll. 12-13). "... the bonds disclosed by Birle are not the same as the forward contract claimed by Applicant" (p. 11, ll. 14-15).

B. "... Barron's does not disclose issuing the claimed forward contract ad a note as a unit" (p. 12, ll. 17-18).

C. '... the failings of the rejection are evident from the language of the rejection wherein the Office Action states that one "would have found it obvious to have known that a convertible bond is issued as a unit made of a forward contract with a note known as a bond"' (p. 12, ll. 22-25).

RESPONSE:

GENERAL: Applicant implicitly treats claim 1 as exemplary of the independent claims in his argument by traversing claims 1-12, 14, 20, and 21-24 (p. 9, ll. 18-20), but then proceeding to only present arguments about the rejection of claim 1, and then arguing that the remaining claims are traversed doe to their dependence on claim 1. Applicant supporting arguments appear to treat the rejections as if they were made under the statutory anticipation standard of 35 USC 102, when in fact the rejections have been and continue to be made under the 35 USC 103(a) standard of obviousness combination. As such, the following recently reconfirmed federal circuit opinion applies:

The Federal Circuit recently has been distinguishing the rulings of *In re Lee*, *In re Dembiczak* and *In re Johnston*. The recently ruling of *In re Kahn* supports this trend as well. Note the following:

> "A suggestion, teaching, or motivation to combine the relevant prior art teachings does not have to be found explicitly in the prior art, as the teaching, motivation, or suggestion may be implicit from the prior art as a whole, rather than expressly stated in the references. . . . The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art. In re Kotzab, 217 F.3d 1365, 1370 (Fed. Cir. 2000). However, rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness. See Lee, 277 F.3d at 1343-46; Rouffett, 149 F.3d at 1355-59. This requirement is as much rooted in the Administrative Procedure Act, which ensures due process and non-arbitrary decisionmaking, as it is in § 103. See id. at 1344-45." In re Kahn, Slip Op. 04-1616, page 9 (Fed. Cir. Mar. 22, 2006).

In this instance, the examiner has met the standards reconfirmed by *In re Kahn*, as stated above. The examiner has pointed to a combination of explicit, implicit, suggested and obvious reasons, and to the knowledge of the ordinary practitioner in consideration of the problems to be solved, supported by articulated reasoning with some rational underpinning to support the legal conclusion of obviousness in making the rejections of independent claims 1, 22, 25, 30, 32 and 33 under the 35 USC obviousness statute.

The rejections are based on the obviousness standard as recently elaborated on in *In re Kahn* above. As such, it is not necessarily what Birle explicitly discloses or

suggests, but what would be obvious to one of ordinary skill in the art for solving the particular problem Applicant has sought to solve through his invention. In reviewing Applicant's specification, Applicant has presented the following in the Background of the Invention section: "It would be desirable to provide mandatory units having improved financial benefits. It would further be desirable to provide improved methods and apparatus for conducting transactions that result in improved benefits to issuers" (pp. 1-2,[0003]-ll. 6-10). These statements are not accompanied by statements which disclose what needs improving in the mandatory unit products which have become popular in the years leading up to Applicant's invention and/or with the methods and apparatus for delivering these mandatory units. Neither the Summary of Invention section nor the Detailed Description section help the reader see what these financial benefit improvements and improved methods and apparatus are.

Re. Argument A: The rejection of claim 1 is based on what is disclosed and suggested by Birle in view of Barron's Dictionary of finance and Investment Terms, and implicitly also on what would be obvious from these disclosures and suggestions and the ordinary practitioner's personal knowledge in combination to solve the problem at hand as a whole. Bonds, convertible bonds and every other financial security is, among other things, a contract. They would not be securities were that not so. These instruments are implicitly and inherently futures instruments in a real sense of the term. Again, were they not so they would not have value and would not be tradeable on securities markets. Applicant's entire specification depends on this, and explicitly and implicitly emphasizes and depends on this characteristic of the financial instruments Applicant claims. At the same time, this argument against Birle about trading in the future is inappropriate since applicant does not claim trading in the future in the independent claims, particularly in claim 1. However, in both Birle and Applicant's claims, trading in the future is critical, since Applicant defines the issuer and financial instruments issued by the issuer to\ be publicly tradeable.

Re. Arguments B and C:

Applicant appears to be arguing against an anticipation rejection according to the rationale presented in *In re Kahn*, above. As stated above, the examiner believes that these rejections under 35 USC 103(a) meet the *In re Kahn* standard.

Conclusion

9. THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Siegfried Chencinski whose telephone number is (571)272-6792. The Examiner can normally be reached Monday through Friday, 9am to 6pm.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Hyung S. Sough, can be reached on (571) 272-6799.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks, Washington D.C. 20231

or faxed to:

-9306 [Official communications; including After Final communications labeled "Box AF"]

3-6792 [Informal/Draft communications, labeled "PROPOSED" or "DRAFT"]

Hand delivered responses should be brought to the address found on the above USPTO web site in Alexandria, VA.

SEC

July 10, 2006

FRANTZY POINVIL
PRIMARY EXAMINER

AU 3628